

County of Los Angeles CHIEF EXECUTIVE OFFICE

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July 27, 2007

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Chief Executive Officer

Supervisor Zev Yaroslavsky, Chairman

REPORT ON COMPREHENSIVE REVIEW OF REGISTRAR-RECORDER/ COUNTY CLERK PROCUREMENT PROCESSES (ITEM NO. 67, AGENDA OF JULY 31, 2007)

Item Number 67 on your Board's July 31, 2007 agenda is our response to your Board's motion of July 3, 2007, instructing the CEO to conduct a comprehensive review of procurement processes within the Department of the Registrar-Recorder/County Clerk (RR/CC) with particular attention to how sole source contracts are handled, to determine if these contracts are consistent with County policy as outlined in Internal Services Department's (ISD) and Board of Supervisors' written policies; and establish protocols and timelines that ensures a competitive solicitation with sufficient time for testing and verification prior to elections.

In conducting that review, the CEO assessed whether the RR/CC's processes were consistent with the following County procurement policies.

- In the role of the County's Purchasing Agent, ISD is responsible for reviewing and determining the appropriateness of sole source purchases of commodities (goods) and sundry services under \$100,000.
- The Board of Supervisors is responsible for approving sole source contracts. Although ISD has developed a best practice contracting module including recommended checklists to justify sole source contracts, each individual department is responsible for justifying their sole source contracts.

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> Board policy established in 1999 requires all departments to provide a two-week advance notification to the Board indicating their intent to negotiate a sole source contract.

With a focus on sole source contracts, the result of our review was that most of the Department's contracts were competitively bid; however, there were some instances when a sole source contract was negotiated that could have been competitively bid had there been sufficient time. The Department acknowledges that this has occurred and has established timeframes for solicitation of all Board contracts from this point forward. Attached is a chart that outlines each of the Department's contracts, including the two contracts that will be before your Board on July 31, 2007.

Background

The Department has a history of soliciting input from other County departments, other counties, states, and stakeholders in development of new systems. An example is the Director's creation of a high-level strategic task force to support implementation of two new voting systems over a two-year period beginning in March 2003. The task force was comprised of Department Heads from the Chief Administrative Office, Chief Information Office (CIO), Internal Services Department (ISD), County Counsel, Human Resources, Public Social Services, and the City Clerk. The result was a successful implementation of the new voting systems.

Review of Procurement Practices

The Department has two units in their Administrative Bureau that oversee contracts and procurement. Both units report through the organizational structure to the Division Manager over Finance and Management Services. The contracts unit has four full time staff; the procurement unit has nine full time staff. Included is a Section Head for each of the separate functions. Staff works closely with the Internal Services Department and the Chief Information Office to develop and monitor contracts; and procure equipment and services.

Contract staff uses the contracting manual available on the ISD website as reference and as a base document for developing solicitations and agreements. As for training, all contract staff attended the two-day contracting course presented by ISD and are now attending the Learning Academy's Advanced Contracting Methods and Practices course. Additionally, one contract analyst and the Section Head completed the 100-hour Leadership through Contract Management and Administration course presented by the DHR Learning Academy. As for the procurement buyers, that staff attended the ISD procurement training on Purchasing Policies and Procedures.

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As outlined on the attached chart, the Department currently has nine Board approved contracts. Three of those are sole source contracts. When those contracts terminate, the Department intends to competitively bid for the next procurements. The most eminent is LR Computers which will expire on June 30, 2008. The Department is in the process of preparing a Request for Proposals (RFP). The other six were procured through an RFP. Additionally, the Department is in the process of releasing an RFP for three new contracts. Each of those is targeted to go before your Board prior to November 2007.

Contracts for Board Agenda of July 31, 2007

On July 31, the Department will request approval of two contracts. The first is a sole source Agreement with Bowe, Bell and Howell (BB&H) for acquisition of absentee voter ballot sorting equipment; and maintenance and support services. This equipment allows the Department to comply with State law under Assembly Bill 2770, requiring counties to sort by precinct instead of by ballot group (a much more finite number). RR/CC selected the equipment after evaluating other vendor products. It is the same type of sorting equipment that is used by the Treasurer/Tax Collector (TTC) which was competitively bid by ISD in April 2003. At that time, two bids were received. BB&H met all requirements and was the lower and most qualified bidder. The ongoing maintenance for that equipment was also competitively bid in 2006 and BB&H was the only responder.

The RR/CC's selection of BB&H took into consideration several factors: 1) TTC's experience with BB&H as to the accuracy and efficiency of the equipment; 2) the fact that the vendor had been solicited through the County competitive bid process; 3) the RR/CC's review of other vendor equipment; 4) BB&H was able to respond to the urgency and meet the timeline for implementation; and 5) the equipment can handle the large volume and is small enough to fit in the current space at the RR/CC's site.

Regarding the urgency of equipment acquisition and installation, AB 2770 was enacted on September 22, 2006, which left 11 months to evaluate, purchase and install equipment in August 2007, prior to the November 6, 2007 election with 905 precincts. Also important to note, is that at the time of passage, the Department was administering the November 2006 Gubernatorial General Election and the expectation was that the first election in which this requirement would be effective would be the June 2008 State Primary, leaving time for a competitive procurement. The unexpected vacancy elections in two Districts (Assembly and Congressional), as well as the legislative action to move the Presidential Primary to February 2008 were unknown at the time the bill was signed by the Governor.

The second contract is with Diebold Election Systems, Inc. for Amendment Number 2 to the existing Agreement that was competitively bid in September 2001. The Amendment will provide services and support, as well as purchase the scanner equipment; and replace Each Supervisor July 27, 2007 Page 4

and purchase new inserting equipment that had been provided under the original Agreement. The equipment and support will allow continued operations and integration of the RR/CC's voting system environment which is highly critical, as there is only a 20-day window for the RR/CC to process all absentee ballots. During each of the three Statewide elections in 2008, it is expected that the number of absentee ballots will be as high as 800,000. This contract, like the BB&H contract, provides on-site support during all elections. The current contract expires on August 31, 2007.

Future Procurements

The RR/CC has drafted a plan for future procurements (see attached). This plan sets target dates for competitive solicitations to ensure the contracts are competitively bid. Additionally, with the new governance structure, the CEO will monitor departments' contracts to ensure procurement policies are enforced and to help reduce sole source procurements.

WTF:LN:Ij

Attachment

c: Executive Officer, Board of Supervisors Registrar-Recorder/County Clerk Internal Services Department, Director

WTF:LN:ljp

procurement processes.bm

Current Status	First option year	Initial/base term	Final year	Second option year.
Begin New Solicitation	RFP to be released by January 2008	RFP to be developed by November 2013	RFP was released. Proposals due June 26. On Board agenda in September.	RFP to be developed by December 2008
Contract Sum	\$1,500,000	\$45,184,766	\$30,750,000	\$5,540,000
Contract Term	June 30, 2009 [3 years plus 2 one-year extensions]	April 24, 2015 [3 years plus 6 one-year extensions]	October 24, 2007 [3 years plus 3 one-year extensions]	May 29, 2010 [5 years plus 5 one-year extensions]
BOS Approval Date	June 29, 2004	April 18, 2006	October 2, 2001	May 30, 2000
Description of Services	Restoration and repair services to the hundreds of vital records index books used by the public to look up birth, death, and marriage records. [RFP]	Purchase of Help America Vote Act (HAVA) compliant equipment and related services for the enhancement of the InkaVote voting system. Contract provides the Precinct Ballot Reader and Audio Ballot Booth equipment used in each polling location throughout Los Angeles County on Election Day. The contract enabled LA County to comply with HAVA regulations. [RFP]	Real estate fraud notification services as required by law. [RFP]	Conversion of digital images to microfilm for archival of recorded Real Property and Vital records. [RFP]
Contract Name and Number	Brown's River Binder, Inc. #75002	Election Systems & Software #7100601	Data Trace Inform. Services #73662	PFA Inc. #72743

Status	Expires August 31, 2007	Awaiting state certification of the GEMS II before acceptance can occur.	Initial/base term
Begin Solicitation	Amendment before the Board on July 31, 2007	To be determined upon acceptance of Integrated System	RFP to be developed by September 2013
Contract Sum	\$2,200,000	\$4,035,205	\$4,116,250
Contract Term	August 31, 2007 [4 years plus 2 one-year extensions]	Contract term begins upon Acceptance of Integrated System by the State for a 4-year base, plus 2 one- year extensions.	February 9, 2015 [5 years plus 3 one-year extensions]
BOS Approval Date	September 4, 2001	April 16, 2002	January 30, 2007
Description of Services	Automated services for the processing of Absentee Voter (AV) material and signature recognition/verification process. [RFP]	Replacement of the Election Tally System (ETS), Automated Ballot Layout (ABL), and purchase of Direct Recording Electronic (DRE). BOS adopted an agreement on July 3, with the Secretary of State (SOS) that the County will use GEMS II component (which is federally certified) after state certification. [RFP]	Maintenance and support services for the Countywide Voter Information Management System (VIMS). Under contract, DIMS developed the system software. Contract provides for continued system maintenance and support. (Forty cities within Los Angeles County contract with the County to access this voter database to verify signatures on petitions and absentee ballots; the cities of Los Angeles and Long Beach further utilize all functionality of this software for absentee voting, pollworker database management, precincting (geography), etc.) [Sole Source]
Contract Name and Number	Diebold Election Systems #73635	Diebold Election Systems #73956	Data Information Management System (subsidiary of Diebold Election Systems, Inc. #76010

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Statuis	Board approved contract amendment to extend original Agreement on July 3, 2007.	Last option year.
Begin Solicitation	RFP to be developed by January 2009	RFP to be released by January 2008
Contract Sum	\$1,535,520	\$480,000
Contract Term	July 15, 2010 [One year plus 2 one-year extensions]	June 30, 2008 [4 years plus 2 one-year extensions]
BOS Approval Date	July 16, 2007	May 21, 2002
Description of Services	Maintenance and support services for the Document Imaging System. The equipment, software licenses and related services were acquired via purchase order under the County Purchasing Agent's authority (ISD). The cost of on-site support services reached the Purchasing Agent's sundry services threshold of \$100,000, therefore a Board-approved services contract was developed for continued software licenses and maintenance and support services. Contractor owns proprietary rights to Keyfile and STARRS software programs. There are no other sources for the STARRS software. (The County Assessor uses the same proprietary software – exchange of property document data between the Recorder and Assessor relies upon use of same software platform.) [Sole Source]	Maintenance and support services for the 40 Microcomputer Tally System (MTS) ballot card readers purchased in 1997 on a Purchase Order under the County Purchasing Agent's authority. The cost of maintenance and support services reached the Purchasing Agent's sundry services threshold of \$100,000, therefore a Board- approved services contract was developed. [Sole Source] NOTE: GEMS II will not impact the maintenance and support of the ballot card readers.
Contract Name and Number	Global 360, BGS, Inc. #73912	LR Computers #73993

Project Name Project Name Color Copier/Printer Equip. Maintenance Call Center Support Call Center Support Election Task Management	New Competitive Bid Contracts in Progress: Project Name Description of Services Color Copier/Printer Provides maintenance and support services to Dept. Print Shop color copiers/printers including preventative maintenance. [RFP] Call Center Support Will provide an automated call center tracking system that will facilitate the efficient and expedited processing of the multitude of calls ranging from polling place questions to complex election troubleshooting requests. [RFP] Online Training and reinforce pollworker training classes. The web- Management provide planning tools for overseeing the	Actual/Target Solicitation Date April 19, 2007 August 2007 August 2007	Proposals Due June 5, 2007 September 2007 September 2007	Target Board Agenda Date August 2007 November 2007 October/November 2007	Status Contract negotiation with selected contractor is in progress. Finalizing solicitation document for County Counsel and CIO review prior to release. Finalizing solicitation document for County Counsel and CIO review prior to release.
5	magnitude of events leading up to and during an election. [RFP]				-